

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-270-C - ORDER NO. 2004-1

JANUARY 2, 2004

IN RE: Application of Palmetto Telephone)	ORDER GRANTING
Communications, LLC for a Certificate of)	EXPEDITED REVIEW
Public Convenience and Necessity to Provide)	AND APPROVING
Local Exchange and Exchange Access)	CERTIFICATE OF PC&N
Service to Customers Located in Certain)	TO PROVIDE LOCAL
Areas Currently being Served by Verizon)	SERVICES AND
South, Inc. and Request for Flexible)	APPROVING FLEXIBLE
Regulation of Local Exchange Service)	REGULATION
Offerings.)	

This matter comes before the Public Service Commission of South Carolina ("Commission") upon the Application filed by Palmetto Telephone Communications, LLC ("PTC") seeking a Certificate of Public Convenience and Necessity ("Certificate of PC&N") to provide local exchange and exchange access service to customers located within certain areas currently being served by Verizon South, Inc. and requesting flexible regulation of those local exchange service offerings in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. PTC's Application was filed pursuant to S.C. Code Ann. Section 58-9-280 (Supp. 2002) and the rules and regulation of the Commission.

By letter, the Commission's Deputy Executive Director instructed PTC to publish, one time, a prepared Notice of Filing and Hearing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing and Hearing

was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. PTC complied with this instruction and provided the Commission with proof of publication of the Notice of Filing and Hearing. No Petitions to Intervene or letters of protest were received concerning Palmetto's application.

On November 19, 2003, PTC filed a Motion for Expedited Review by which PTC seeks to have its Application reviewed and approved without the necessity of a hearing. Along with the Motion for Expedited Review, PTC filed the verified testimony of H.J. Dandridge, III, President and General Manager of PTC and General Manager of Palmetto Rural Telephone Cooperative, Inc. Because PTC is a wholly-owned subsidiary of Palmetto Rural Telephone Cooperative, Inc., which has operated as a telephone cooperative providing telecommunications service in South Carolina since 1955, and because the Commission is familiar with the operations and standing of Palmetto Rural Telephone Cooperative, PTC's parent cooperative, the Commission finds good cause to waive the hearing in this matter and to proceed with disposition of PTC's Application on the record consisting of the Application and Mr. Dandridge's verified testimony.

By its Application and the verified testimony of Mr. Dandridge, PTC is requesting authority to provide local exchange, exchange access, and ancillary services to both residential and business customers in the Walterboro exchange area currently being served by Verizon South, Inc. According to the verified testimony of Mr. Dandridge, PTC was organized as a Limited Liability Company in the State of South Carolina in 1998. In 1999, by Commission Order No. 1999-617 in Docket No. 1999-309-C, PTC

received a Certificate of PC&N from the Commission authorizing PTC to provide resold interexchange telecommunications services within South Carolina. PTC is a wholly owned subsidiary of Palmetto Rural Telephone Cooperative, Inc, which has been providing local exchange telephone service in the State of South Carolina since 1955.

According to Mr. Dandridge, PTC possesses sufficient technical and managerial resources to provide the services for which it requests authority. PTC is a wholly owned subsidiary of Palmetto Rural Telephone Cooperative, Inc. As the parent and sole shareholder of PTC, Palmetto Rural Telephone Cooperative, Inc. will, through its directors and officers, manage PTC. The directors and officers of Palmetto Rural Telephone Cooperative, Inc. have extensive experience in the telecommunications industry, including a substantial base of operational, technical, and financial experience as that experience relates to operating local exchange companies and other telecommunications operations in South Carolina. The record reveals that Mr. Dandridge, President and General Manager of PTC and General Manager of Palmetto Rural Telephone Cooperative, Inc., has over 30 years of experience in the telecommunication industry. Other key management personnel also possess significant experience with Jason J. Dandridge, Assistant General Manager, possessing 8 years of telecommunications experience including engineering experience; James M. Bunton, Plant Manager, with 35 years of telecommunications experience with Palmetto Rural Telephone Cooperative, Inc. including experience in installation and repair, cable splicing, central office and installation, and maintenance supervision; and John E. Shelton, Controller, with 34 years of telecommunications experience including service with Michigan Bell, National

Exchange Carriers Association (“NECA”), Rock Hill Telephone Company, and Associated Data Services, Inc.

As to financial resources, Mr. Dandridge testified that PTC and its parent company Palmetto Rural Telephone Cooperative, Inc. are financially sound. In support of Mr. Dandridge’s testimony, PTC supplied with its application a copy of Palmetto Rural Telephone Cooperative, Inc.’s audited financial statement as of September 30, 2002. In further support of PTC’s financial resources, Mr. Dandridge testified that the directors and officers of Palmetto Rural Telephone Cooperative, Inc. have extensive experience in the telecommunications industry, including a substantial amount of financial experience relating to operating local exchange companies and other telecommunications operations in South Carolina.

Mr. Dandridge offers that the public interest will be served by the granting of PTC’s request for a Certificate of PC&N to provide local telecommunications services. According to Mr. Dandridge, PTC’s entry into the local market will enhance competition in the State of South Carolina by offering additional service offerings and high quality service to South Carolina’s consumers. The record also shows PTC’s position that PTC’s entry into South Carolina’s local service market will also provide an efficient use of existing telecommunications resources. Mr. Dandridge also committed that PTC will meet all service standards that the Commission may adopt and that the provision of service by PTC will not adversely impact the availability of affordable local exchange service in South Carolina. Further, Mr. Dandridge stated that PTC will actively

participate in the support of universally available telecommunications services at affordable rates.

Finally, Mr. Dandridge reiterated PTC's request that PTC's local service offerings, if approved, be afforded flexible regulation in accordance with the principles and procedures set forth in Order No. 98-165 in Docket No. 97-467-C. Specifically, PTC's request is that the Commission adopt for PTC a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels. In addition and also in compliance with Order No. 98-165, PTC requests that its tariff filings be presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filings, in which case such tariff filings would be suspended pending further order of the Commission, and that any tariff filing will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

After full consideration of the applicable law, PTC's Application, and the verified testimony of Mr. Dandridge, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. PTC is a Limited Liability Company having been organized in the State of South Carolina in 1998 and is a wholly-owned subsidiary of Palmetto Rural Telephone Cooperative, Inc., which has been providing local exchange telephone service in the State of South Carolina since 1955.

2. PTC is presently a provider of interexchange telecommunications services within South Carolina and desires to expand its service offerings to include local exchange telecommunications services which PTC will provide in South Carolina within the Walterboro exchange area currently being served by Verizon South, Inc.

3. The Commission finds that PTC has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 2002).

4. The Commission finds that PTC's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 2002).

5. The Commission finds that PTC will participate in the support of universally available telephone service at affordable rates to the extent that PTC may be required to do so by the Commission. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 2002).

6. The Commission finds that PTC will provide services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2) (Supp. 2002).

7. The Commission finds that approval of PTC's Application to provide local exchange services within South Carolina will serve the public interest by enhancing competition in the State of South Carolina by offering additional service offerings to South Carolina's consumers and by providing for efficient use of existing telecommunications resources.

8. The Commission finds that the provision of local exchange service by PTC “does not otherwise adversely impact the public interest.” S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 2002).

9. The Commission finds that the issuance of the authority to provide local exchange services as requested by PTC, and as set forth in its Application, is in the best interests of the citizens of the State of South Carolina.

CONCLUSIONS OF LAW

1. The Commission concludes that PTC possesses the managerial, technical, and financial resources to provide the competitive local exchange telecommunications services as described in its Application.

2. The Commission concludes that PTC’s “provision of service will not adversely impact the availability of affordable local exchange service.”

3. The Commission concludes that PTC will participate in the support of universally available telephone service at affordable rates to the extent that PTC may be required to do so by the Commission.

4. The Commission concludes that PTC will provide services which will meet the service standards of the Commission.

5. The Commission concludes that approval of PTC’s Application to provide local exchange telecommunications services within South Carolina will serve the public interest by enhancing competition in the State of South Carolina by offering additional service offerings to South Carolina’s consumers and by providing for efficient use of existing telecommunications resources.

6. The Commission concludes that the provision of local exchange service by PTC does not, and will not, otherwise adversely impact the public interest.

7. The Commission concludes that the issuance of the authority to provide local exchange telecommunications services as requested by PTC, and as set forth in its Application, is in the best interests of the citizens of the State of South Carolina.

8. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to PTC to provide competitive intrastate local exchange telecommunications services, including local exchange, exchange access service, and ancillary services, to customers located within the Walterboro exchange area currently being served by Verizon South, Inc.

9. The Commission concludes that PTC's local exchange telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. The Commission has previously granted this "flexible regulation" to competitive local exchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires for the Commission to allow this flexible regulation to those carriers which request it. Specifically under flexible regulation, the Commission adopts for PTC's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, PTC's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty

(30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity is granted to PTC to provide competitive intrastate local exchange telecommunications services, including local exchange, exchange access service, and ancillary services, to customers located within the Waltherboro exchange area currently being served by Verizon South, Inc.

2. PTC's local exchange telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically under flexible regulation, the Commission adopts for PTC's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, PTC's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

3. PTC shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming and comporting with South Carolina law in all matters.

4. PTC shall, in compliance with the Commission's regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, PTC shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

PTC shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. PTC shall utilize the "Authorized Utility Representative Information" form which can be located at the Commission's website at www.psc.state.sc.us/reference/forms.asp to file the names of these representatives with the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

5. PTC shall conduct its business in compliance with the Commission's decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

6. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a

911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs PTC to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before providing voice or dial tone telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association (“SC NENA”) with contact information and sample forms. PTC may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing voice or dial-tone services within South Carolina, PTC shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

7. PTC is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

8. PTC shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipts reports will necessitate the filing of intrastate information. Therefore, PTC shall keep financial records on an intrastate basis for South Carolina in order to comply with the Commission’s requirements of filing an annual report and a gross receipts report. The proper form for filing annual financial information for the annual report may be

found on the Commission's website at www.psc.state.sc.us/reference/forms.asp. The title of this form is "Annual Report for CLECs." PTC shall file the annual report form with the Commission by **April 1st** of each year.

Commission gross receipts forms are due to be filed with the Commission no later than **August 31st** of each year. The appropriate form for remitting information for gross receipts is entitled "Gross Receipts Form for Utility Companies" and may also be found on the Commission's website at www.psc.state.sc.us/reference/forms.asp.

Additionally, pursuant to the Commission's regulations, the Company shall file a "CLEC Service Quality Quarterly Report" with the Commission. The proper form for this report may be found on the Commission's website at www.psc.state.sc.us/reference/forms.asp. These "CLEC Service Quality Quarterly Reports" are required to be filed within 30 days of the end of each calendar quarter.

9. Annually, PTC shall file the "South Carolina Universal Service Fund Contribution Worksheet" as required by the Commission. Such filing is presently due by **August 15th**, regardless of whether a company reports its operations on a calendar year or fiscal year.

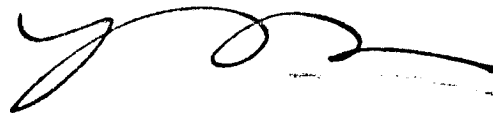
10. The Federal Communications Commission (FCC) in July of 2000 required all telecommunications carriers throughout the United States to implement three-digit, 711, dialing for access to all Telecommunications Relay Services (TRS). The Commission issued a memorandum in March of 2001 instructing all South Carolina telecommunications carriers to implement the service completely by October of 2001. All competitive local exchange carriers (CLECs) and incumbent local exchange carriers

(ILECs) were instructed to include language in their tariffs introducing 711 as a new service offering with deployment by July 1, 2002, and to translate 711 dialed calls to 1-800-735-2905. All Payphone Service Providers (PSPs) were instructed to modify their programmable phones to translate calls dialed as 711 to their assigned TRS toll free number 1-800-735-2905 in order to route 711 calls to the TRS provider before October 1, 2001. Additionally, telephone directories were required to be updated and bill inserts promoting 711 were also required. PTC must comply with the applicable mandates. For complete information on compliance with this FCC and Commission requirement, go to the Commission's website at www.psc.state.sc.us/reference/forms.asp.

11. In its provision of telecommunications services to the public, PTC shall utilize its own facilities, or if PTC utilizes services or facilities, through resale, lease, or other means, of other companies, PTC shall utilize the facilities or services of only companies authorized to provide telecommunications services in South Carolina by this Commission.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn, Chairman

ATTEST:



Bruce F. Duke, Acting Executive Director
(SEAL)